Nor Yanni bt Adom & Anor v Ortus Expert White

COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO W-02(IPvC)(W)-1808–09 OF 2018
HAMID SULTAN, HANIPAH FARIKULLAH AND KAMALUDIN MD SAID JJCA
17 JULY 2019

Trade Marks — Infringement of — Registered trademark and passing off — Plaintiff sued defendants for infringement of trademark and tort of passing off — High Court held defendants liable — Whether plaintiff fully discharged burden of proving trademark infringement or passing off by defendants — Whether first defendant liable for breach of dealership agreement

This was the appellants' ('the defendants') appeal against the decision of the High Court judge in finding the defendants liable on all three causes of action ie for breach of dealership agreement, infringement of respondent's ('the plaintiff') registered trademark and passing off. The plaintiff was a company in the business of distributing beauty products ('the plaintiff's products') with the trademark of 'Royal Expert White' registered in the Register of Trade Marks under the Trade Marks Act 1976 ('plaintiff's registered trademark'). The first defendant entered into a dealership agreement ('the dealership agreement') with the plaintiff. The second defendant had distributed together with the first defendant at the material times the plaintiff's products and the skin whitening cream bearing the plaintiff's registered trademark. The plaintiff brought an action against the defendants for breach of contract ie a dealership agreement, trademark infringement and passing off in relation to a whitening cream under brand 'Real Expert White' sold by the defendants. The High Court held that the defendants were liable on all three causes of action and assessment of damages was ordered. Hence, this appeal. The issue for consideration was whether the plaintiff had fully discharged the burden of proving the trademark infringement or the passing off by the defendants.

Held, allowing the appeal and setting aside the order of the High Court:

(1) The plaintiff had no right to the exclusive use of the words 'Royal' and 'Expert White'. The ideas and the concepts of the two words were of complete distinct and different and could not be confused with each other. The court did not find any clear evidence that the defendants had used Real Expert White mark which resembled the plaintiff's registered trade mark and neither the court believed that the defendants' mark could cause a likelihood of confusion or deception between the consumers of the plaintiff's products and Real Expert White products. In

other words, the ingredient of identical or similarity to cause deception or confusion was clearly not made out by the plaintiff. Since the legal and evidential burden of proof was of the mark used by the defendants being identical or similar was not established by the plaintiff during the trial on the infringement of trademark, the defendants was correct in making a no case to answer submission at the close of the plaintiff's case (see paras 35, 38 & 42–43).

(2) The learned judge had missed the fact that the CDCR List contained products of the plaintiff and of another non-party to the suit. In view of that, the plaintiff had failed to prove that the defendants in selling the Real Expert Whitening Cream was passing off a product of the plaintiff and the goodwill of the plaintiff. Since there was non-infringement of the plaintiff's registered trademark, then the alleged element of misrepresentation also failed. The failure to prove the trademark infringement nor the passing off by the defendants led to the consequence that the dealership agreement was also not breached and therefore the liability of breach of contract against the first respondent must also fail (see paras 51 & 53).

[Bahasa Malaysia summary

Ini adalah rayuan perayu ('defendan') terhadap keputusan hakim Mahkamah Tinggi dalam mendapati defendan bertanggungjawab atas ketiga-tiga kausa tindakan iaitu melanggar perjanjian pengedar, pelanggaran cap dagangan berdaftar responden ('plaintif') dan kelirupaan. Plaintif adalah syarikat dalam perniagaan mengedarkan produk kecantikan ('produk plaintif') dengan cap dagangan 'Royal Expert White' yang didaftarkan dalam cap dagangan di bawah Akta Cap Dagangan 1976 ('cap dagangan berdaftar plaintif'). Defendan pertama memasuki perjanjian pengedar ('perjanjian pengedar') dengan plaintif. Defendan kedua telah mengagihkan bersama dengan defendan pertama pada masa-masa material produk plaintif dan krim pemutih kulit yang mengandungi cap dagangan berdaftar plaintif. Plaintif membawa tindakan terhadap defendan kerana melanggar kontrak iaitu perjanjian pengedar, pelanggaran cap dagangan dan kelirupaan berhubung dengan krim pemutih di bawah jenama 'Real Expert White' yang dijual oleh defendan. Mahkamah Tinggi berpendapat bahawa defendan bertanggungjawab atas ketiga-tiga kausa tindakan dan penilaian ganti rugi diperintahkan. Oleh itu, rayuan ini. Isu untuk dipertimbangkan adalah sama ada plaintif telah melepaskan beban membuktikan pelanggaran cap dagangan atau kelirupaan oleh defendan.

Diputuskan, membenarkan rayuan dan mengetepikan perintah Mahkamah Tinggi:

(1) Plaintif tidak berhak menggunakan kata-kata 'Royal' dan 'Expert White'. Idea dan konsep kedua-dua perkataan itu berbeza dan tidak dapat

dikelirukan satu sama lain. Mahkamah tidak mendapati apa-apa keterangan jelas bahawa defendan telah menggunakan tanda Real Expert White yang menyerupai cap dagangan berdaftar plaintif dan mahkamah juga tidak percaya bahawa cap defendan boleh menyebabkan kemungkinan kekeliruan atau penipuan antara pengguna produk plaintif dan produk Real Expert White. Dalam erti kata lain, unsur persamaan untuk menyebabkan penipuan atau kekeliruan jelas tidak dibuat oleh plaintif. Memandangkan beban bukti perundangan dan keterangan adalah cap yang digunakan oleh defendan sebagai sama tidak dibuktikan oleh plaintif semasa perbicaraan mengenai pelanggaran cap dagangan, defendan adalah betul dalam membuat hujahan tiada kes untuk dijawab di akhir kes plaintif (lihat perenggan 35, 38 & 42–43).

(2) Hakim yang bijaksana terlepas kenyataan bahawa Senarai CDCR mengandungi produk daripada plaintif dan satu lagi pihak lain untuk saman itu. Oleh itu, plaintif telah gagal membuktikan bahawa defendan menjual Real Expert Whitening Cream adalah kelirupaan produk plaintif dan nama baik plaintif. Memandangkan tidak terdapat pelanggaran cap dagangan berdaftar plaintif, maka unsur yang dikatakan salah nyata juga gagal. Kegagalan untuk membuktikan pelanggaran cap dagangan atau kelirupaan oleh defendan membawa kepada akibat bahawa perjanjian pengedar juga tidak dilanggar dan oleh itu liabiliti pelanggaran kontrak terhadap responden pertama juga harus gagal (lihat perenggan 51 & 53).]

Cases referred to

AG Spalding Brothers v AW Gamage, Ltd [1914–15] All ER Rep 147, HL (refd)

British-American Tobacco Co Ltd v Tobacco Importers & Manufacturers Ltd & Ors [1963] MLJ 196 (refd)

CDL Hotels International Ltd v Pontiac Marina Pte Ltd [1998] 2 SLR 550, CA (refd)

Consitex SA v TCL Marketing Sdn Bhd [2008] 3 MLJ 574; [2008] 2 MLRH 380; [2008] 8 CLJ 444, HC (folld)

Jaafar bin Shaari & Anor (suing as administrators of the estate of Shofiah bte Ahmad, deceased) v Tan Lip Eng & Anor [1997] 3 MLJ 693; [1997] 4 CLJ 509, SC (refd)

Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors [2010] 1 MLJ 242; [2009] 10 MLRH 630, HC (folld)

Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor [2018] 1 MLJ 175; [2017] 6 MLRA 412, FC (refd)

Mohd Nor Afandi bin Mohamed Junus v Rahman Shah Alang Ibrahim & Anor [2008] 3 MLJ 81; [2008] 2 CLJ 369, CA (refd)

Reckitt & Colman Products Ltd v Borden Inc [1990]1 WLR 491 (refd)

Sanbos (M) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd [2008] 3 MLJ

100; [2008] 10 CLJ 538, HC (refd)
Storey v Storey [1961] P 63, CA (refd)
Syarikat Kemajuan Timbermine Sdn Bhd v Kerajaan Negeri Kelantan Darul Naim [2015] 3 MLJ 609; [2015] 2 AMR 142, FC (refd)
Takako Sakao (f) v Ng Pek Yuen (f) & Anor [2009] 6 MLJ 751, FC (refd)
The Commissioners of Inland Revenue v Muller & Co's Margarine, Ltd [1901] AC 217, HL (refd)
UN Pandey v Hotel Marco Polo Pte Ltd [1980] 1 MLJ 4 (refd)

Legislation referred to

Evidence Act 1950 ss 101, 102, 114(g)
Trade Marks Act 1976 ss 18(2), 35(1), 38(1)(a), 40(2)

Appeal from: Suit No WA-22IP-25–06 of 2017 (High Court, Kuala Lumpur)

Rajashree a/p Suppiah (Kryadarshini a/p Kanapathy Pillai with her) (Rajashree) for the appellants.
Etrus Tan Chen Hee (Esther Ong Hui Chuen with her) (Esther Ong Tengku Saiful & Sree) for the respondent.

Kamaludin Md Said JCA:

INTRODUCTION

[1] This is the appellants' appeal against the decision of the High Court judge in finding the appellants liable on all three causes of action ie for breach of dealership agreement, infringement of respondent's registered trademark and passing off.

[2] For convenience, the appellants will continue to be referred to as the defendants and the respondents will be referred to as the plaintiff according to their description in the High Court.

SALIENT FACTS

[3] The plaintiff is a company in the business of distributing beauty products ('the plaintiff's products') with the trademark of 'Royal Expert White' registered in the Register of Trade Marks under the Trade Marks Act 1976 ('the TMA') ('the plaintiff's registered trademark').

[4] The first defendant who is the wife of the second defendant had applied to be the dealer of the plaintiff's products by entering into a dealership agreement dated 9 September 2015 ('the dealership agreement') with the plaintiff.

[5] The second defendant is the sole proprietor of Rafica Resources and has distributed together with the first defendant at the material times the plaintiff's products and the skin whitening cream bearing the plaintiff's registered trademark.

[6] The plaintiff brought an action against the defendants for breach of contract ie a dealership agreement, trademark infringement and passing off in relation to a *whitening cream* under brand 'Real Expert White' sold by the defendants. In consequences thereof, the plaintiff claimed general damages for losses to be assessed by the Registrar. The defendants were also required to give the plaintiff the account of all profit made by the defendants by manufacturing and/or distributing and/or selling whitening cream under brand 'Real Expert White' and injunction to restrain the defendants, whether by themselves or through their servants, agents, employees and/or otherwise, howsoever from manufacturing and/or distributing and/or selling whitening cream under brand 'Real Expert White'.

[7] After a full trial (on liability only) the High Court held that the defendants were liable on all three causes of action and assessment of damages was ordered.

GROUNDS OF APPEAL

[8] The defendants' grounds of appeal in the memorandum of appeal dated 29 October 2018, stated as follows:

(a) that the High Court had wrongly decided that the plaintiff had discharged their burden of proof in respect of the breach of the dealership agreement, infringement of trademark and the tort of passing off;

(b) that the High Court had wrongly decided that the second defendant who was not a party of the dealership agreement to have breached the dealership agreement;

(c) that the High Court had wrongly decided that the plaintiff had the good will to be protected despite that the plaintiff's goods were banned by Kementerian Kesihatan Malaysia ('KKM');

(d) that the High Court had decided that there was a likelihood of confusion or deception in the course of trade in relation to the products concerned despite that the trademarks differed visually and aurally to a great extent;

(e) that the High Court had failed to hold that in order passing off action to succeed, the plaintiff must establish first that the particular get-up which it has been using has become associated exclusively with its goods;

(f) that the High Court failed to appreciate that the KKM ban is the material and effective cause of the losses suffered by the plaintiff and the plaintiff's losses were not caused by the defendants; and

(g) that the High Court had failed to decide that there is no intent to deceive by the defendants who were merely distributing another manufacturer's product.

SUBMISSIONS ON THIS APPEAL

[9] We heard the oral submissions from the defendants' counsel and the plaintiff's counsels and we had also referred to their written submissions filed herein. We thanked counsels for their good submissions and assistance.

[10] The grounds of appeal mainly against the finding of the High Court judge ('the learned judge') against the defendants for breach of the dealership agreement, infringement of trademark and passing off.

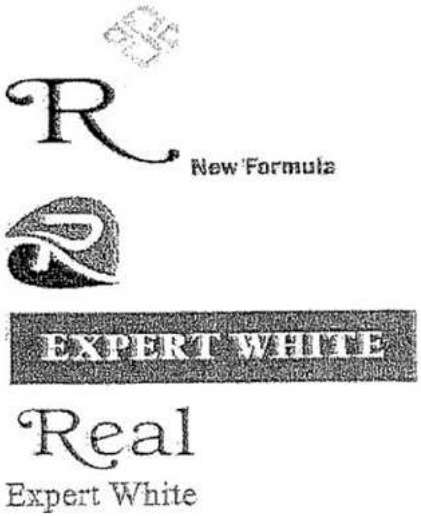
[11] The defendants' counsel in her opening speech highlighted to us the difference between the plaintiff's products and the defendants' products. She submitted that the defendants' product was never similar to the plaintiff's products that can cause a likelihood of confusion or deception between the consumers of the plaintiff's products and defendants' products as held by the learned judge.

[12] In appreciating her submissions, we required parties to show us the samples of plaintiff's products and the defendants' products for us to examine the difference between the plaintiff's registered trademark on the plaintiff's products and the defendants' mark on the defendants' products which was alleged to have infringed the plaintiff's registered trademark.

[13] The plaintiff handed to us few samples of the plaintiff's products and the defendants' products. We examined the samples of the products and the marks appear on the products are as follows.

The plaintiff's products with its registered trademark is shown below:

The defendants' products with its mark is shown below:



[14] We paused for a moment and it was our unanimous view that since we had seen the difference in these two products, it is best that we investigate the decision of the learned judge in respect of cause of action on infringement of trademark first.

THE HIGH COURT FINDING

[15] The learned judge having dealt with the trademark infringement elements under s 38(1)(a) of the TMA and having heard the plaintiff's witnesses' evidence and relying on the Federal Court case of *Low Chi Yong (t/a Reynox Fertichem Industries) v Low Chi Hong & Anor* [2018] 1 MLJ 175; [2017] 6 MLRA 412, in his judgment held as follows:

(1) the defendants have used Real Expert White mark which so nearly resembles the plaintiff's registered trademark as to cause a likelihood of confusion or deception between the consumers of the plaintiff's product and Real Expert White products (first element);

(2) the defendant are neither the registered proprietors nor the registered users of the plaintiff's trademark (second element);

(3) the defendants have used Real Expert White mark in the course of trade (third element);

(4) the defendants have used Real Expert White mark on Real Expert White products within the scope of registration of plaintiff's registered trademark (fourth element); and

(5) the defendants have used Real Expert White mark in such a manner as to render its use likely to be taken either as being used as a trademark or as importing a reference to the plaintiff or the plaintiff's registered trademark (fifth element).

[16] The plaintiff's witness, SP1 had given evidence that the defendants are distributors of the plaintiff's products but they distributed Real Expert White products. As such, the defendants had breached the agreement, infringed the plaintiff's registered trademark and passed off Real Expert White products as the plaintiff products (three causes of action). The plaintiff had experienced increases in its gross profit from 2012–2016. Due the three causes of action, the plaintiff's gross profit suffered a substantial drop in 2017 as compared to 2016 (decreased in plaintiff's profit) and the defendants did not reply to the plaintiff's demand letter dated 30 May 2017 sent to them by the plaintiff's solicitor regarding the three causes of action.

[17] The plaintiff's witness, SP2 gave evidence that expenses had been incurred by the plaintiff in marketing the plaintiff's products (plaintiff's promotional expenses) and there was a decrease in plaintiff's profit.

[18] The plaintiff's witness, SP3 testified that she has been an authorised distributor of the plaintiff's products for the past ten years and the introduction of Real Expert White has adversely affected SP3's sales of the plaintiff's products.

[19] It was not disputed that after the close of the plaintiff's case, the defendants elected not to adduce any oral evidence in this case.

[20] Applying the case of *Jaafar bin Shaari & Anor (suing as administrators of the estate of Shofiah bte Ahmad, deceased) v Tan Lip Eng & Anor* [1997] 3 MLJ 693; [1997] 4 CLJ 509, *Takako Sakao (f) v Ng Pek Yuen (f) & Anor* [2009] 6 MLJ 751, the learned judge presumed the plaintiff's evidence to be true. He

found as a fact that SP1, SP2 and SP3 are credible witnesses and an adverse inference is made against the defendants under s 114(g) of the Evidence Act 1950 for not adducing any evidence to rebut the plaintiff's evidence.

OUR VIEW

[21] Firstly, on the effect of the defendants' election not to adduce any oral evidence, we agreed with the learned judge reference to the above cases as the applicable law. It was also held in *Syarikat Kemajuan Timbermine Sdn Bhd v Kerajaan Negeri Kelantan Darul Naim* [2015] 3 MLJ 609; [2015] 2 AMR 142 that once a defendant elects not to call for evidence, apart from him being bound by that election, the effect is also that all the evidence led by plaintiff must be assumed to be true. See also *Mohd Nor Afandi bin Mohamed Junus v Rahman Shah Alang Ibrahim & Anor* [2008] 3 MLJ 81; [2008] 2 CLJ 369.

[22] However, Azahar Mohamed FCJ further held that by reasons of the legal principles, the fact that the defendant led no evidence or call no witnesses did not absolve the plaintiff from discharging its burden in law. The evidence adduced by the plaintiff must still be sufficient to prove the claim:

> It is true that in the present case the defendant elected not to call any witnesses. However, it is imperative to bear in mind that from the outset the legal burden of the existence of the settlement agreement was with the plaintiff as the claimant in the present action. By reasons of the legal principles, the fact that the defendant led no evidence or call no witnesses did not absolve the plaintiff from discharging its burden in law. In this regard, in adopting the approach of the case of *Storey v Storey* [1961] P 63, Suriyadi JCA (as His Lordship then was) in *Mohd Nor Afandi bin Mohamed Junus v Rahman Shah Alang Ibrahim & Anor* [2008] 3 MLJ 81; [2008] 2 CLJ 369 recognised this to be the case as can be seen from the following passage of His Lordship's judgment:
>
> > There are, however, two sets of circumstances under which a defendant may submit that he has no case to answer. In the one case there may be a submission that, accepting the plaintiff's evidence at its face value, no case has been established in law, and in the other that the evidence led for the plaintiff is so unsatisfactory or unreliable that the Court should find that the burden of proof has not been discharged.
> >
> > [57] We therefore agree with the submission of learned counsel for the Defendant to the effect that despite the fact the Defendant did not call any witness and that even if the Plaintiff's evidence is unopposed (and therefore presumed to be true), this does not automatically equate to that evidence satisfying the burden of proving the existence of the settlement agreement borne by the Plaintiff, or mean that the burden of proving on the balance of probabilities no longer applies, or that a case to answer is automatically made out. The evidence adduced by the Plaintiff must still be sufficient to prove the existence of the settlement agreement. This crucial point was overlooked by the learned High Court judge. On the factual matrix of the case, it is patently clear

that the Plaintiff has not discharged the burden.

[23] In an earlier case of *UN Pandey v Hotel Marco Polo Pte Ltd* [1980] 1 MLJ 4, Sinnathuray J cited the case of *Storey v Storey* [1961] P 63 which held that:

> There are, however two sets of circumstances under which a defendant may submit that he has no case to answer. In the one case, there may be a submission that, accepting the plaintiff's evidence at face value, no case has been established in law and in the other that the evidence led for the plaintiff is so unsatisfactory or unreliable that the court should find that the burden of proof has not been established.

Sinnathuray J further held that:

> ... it would be desirable practice in our courts to allow a submission of no case to answer at the end of the plaintiff's case, without putting the defendant to his election, whether to call evidence or not, if his submission fails ...

[24] The plaintiff in this case alleged that the defendants had infringed the plaintiff's registered trademark of Royal Expert White products and passed off Real Expert White products as the plaintiff products. The learned judge accepted the plaintiff's witness SP1 evidence which was unrebutted as conclusive prove that the plaintiff had proved that there is a likelihood of confusion/deception.

[25] Be that as it may, despite the fact the defendants did not call any witness and that even if the plaintiff's evidence is unopposed (and therefore presumed to be true) the law requires the evidence adduced by the plaintiff must be sufficient to prove the defendants had infringed the plaintiff's registered trademark.

[26] The defendants submitted that there is specific disclaimer attached together with the register that the registration shall give no right to the exclusive use of the word 'ROYAL' and 'EXPERT WHITE' (see p 63 of the common bundle of documents). Further, in the registration of the plaintiff's trademark has the express condition of the type of trademark is 'Combined'. This means the words use, the picture or logo used *combined together* make up the registered trademark. When the type of trademark is *combined*, the registration will not protect the words only or the picture only in isolation. This a combined trademark. They must appear in this same combination for the protection against infringement of trademark.

[27] It was submitted that the products sold by the defendants under the 'REAL EXPERT WHITE' trademark does not infringe the above trademark as alleged.

[28] Based on the submissions, we noted that the crux of the defendants' case is that the burden of proof has not been discharged in that the trademarks are *neither identical nor similar in a way to cause deception or confusion*.

[29] The defendants showed us the different of the two marks in the table below:

	Royal Expert White	Real Expert White
Visually	Symbol of crown with the words 'ROYAL' in capital letters embossed on the crown itself.	Geometric design and/or stylised letter 'R' in a leaf shape.
	Bold capitalised font the word 'ROYAL' in capital letters enclosed within a solid rectangle.	Curvy small font.
	Fully blue packing with silver rectangular.	White packaging with blue font and blue rectangular.
	The disclaimed or non-exclusive words 'Expert White' enclosed within a rectangle.	The disclaimed word 'Expert White' enclosed within a rectangle in one version and not in another version.

[30] It was submitted that the actual products tendered as evidence in court did not carry the *combined registered trademark* but was instead marked as:

> 'ROYAL EXPERT' and 'WHITENING CREAM' and the crown symbol above the word 'ROYAL' is noticeably missing. See exhs P2–P12. The exhibits are at pp 32–51 of the additional common bundles of documents.

[31] Further, the only similarity if any was in respect of the words 'EXPERT WHITE'. However, the disclaimer and/or condition of their trademark registration establishes that words 'EXPERT WHITE' itself is not protected by way of registration. This is confirmed by the learned judge himself at para 26(a) of his grounds. The learned judge held that there is a 'Disclaimer/Condition' in the plaintiff's registered trademark, namely the plaintiff has no right to the exclusive use of the words 'Royal' and 'Expert White' ('words').

[32] Sections 18(2), 35(1) and 40(2) of the TMA provide as follows:

> 18(2) No disclaimer on the Register shall affect any right of the proprietor of a trade mark except a right arising out of the registration of the trade mark in respect of which the disclaimer is made.
>
> 35(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services hall, if valid, give or be deemed to have been given to that person

the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register. A

40(2) Where a trade mark is registered subject to conditions, amendments, modifications or limitations, the trade mark is not infringed by the use of the trade mark in any manner in relation to goods to be sold or otherwise trade in a place or in relation goods to be exported to a market or in relation to services to be provided in a place or in any other circumstances to which having regard to those conditions, amendments, modifications or limitations the registration does not extend. B

[33] In Singapore High Court case of *British-American Tobacco Co Ltd v Tobacco Importers & Manufacturers Ltd & Ors* [1963] MLJ 196 at p 198, Ambrose J decided as follows: C

The exclusive use of those words was specifically disclaimed by the Plaintiffs. I decided that a disclaimed feature cannot possibly be regarded as essential particular. I agreed with the view expressed by Lloyd-Jacob J. in the Taw case cited above that 'A disclaimed feature is the antithesis of an essential particular'. I accepted the following passage from *Kerly's Law of Trade Marks* (8th Ed), p 150, as a correct statement of the law: D

> The effect of a disclaimer is that the proprietor of the registered trade mark cannot claim any trade marks rights in respect of the parts of the mark to which the disclaimer relates, so that, for instance, no action for infringement lies in respect of the use or imitation of the disclaimed particulars. E

[34] The above judgment was followed by Ramly Ali J (as he then was) in the High Court in *Sanbos (M) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd* [2008] 3 MLJ 100; [2008] 10 CLJ 538 which held as follows: F

[25] It is pertinent to point out at this juncture that each of the plaintiff's registration for 'CLUB 99' and 'CLUB 999' is expressly subject to a disclaimer that the registration does not have an exclusive right over the use of the numbers '99' and '999' G

...

The plaintiff only has an exclusive right on the words 'CLUB' in both registrations. Therefore, the court should disregard the numerals '99' and '999' in the plaintiff's registration when comparing whether the defendant's 'TRIPLE 999' mark is confusingly similar to the plaintiff's marks. H

[35] Based on ss 18(2), 35(1) and 40(2) of the TMA and the above cited cases, the learned judge held that the court cannot consider the disclaimed words in considering deciding on the existence of a likelihood of confusion and deception. We agreed with the learned judge's opinion on this point. The plaintiff has no right to the exclusive use of the words 'Royal' and 'Expert White' (words). I

[36] The defendants submitted that the registered trademark and the alleged infringing trademark also differed in other senses/features. Namely:

	Royal Expert White	Real Expert White
Phonetically	Two syllables that starts with the sound 'Ro'.	Single syllable that starts with the sound 'Ray'.
Idea or Concept	Royal connotes ideas of kings queens, majestic, royalty and regal grandiosity etc and in Bahasa Malaysia our national language diraja, sultan keagungan, kerabat diraja.	Real mean true, actual authentic genuine and physical and in Bahasa Malaysia our national language 'benar', 'betul', 'sebenar' etc.

[37] Justice Ramly Ali (as he then was) in the case of *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 2 MLRH 380; [2008] 8 CLJ 444 held: that the 'Literacy level in Malaysia TS high and consumers are more demanding, discerning and observant than before and therefore are able to distinguish the plaintiff's and defendant's trademark businesses'.

[38] Based on the above case, we agreed with the defendants that the ideas and the concepts of the two words are of complete distinct and different and cannot be confused with each other.

[39] In the case of *Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors* [2010] 1 MLJ 242; [2009] 10 MLRH 630, the court reviewed the position on law of several case and held as follows:

> In *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 2 MLRH 380; [2008] 8 CLJ 444, the court observed as follows:
>
> > The test as laid down by Parker J in *Re Pianotist Co Application* has been adopted by our Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 MLRA 350; [1992] 1 CLJ Rep 344 and *Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia & Anor* [1998] 4 CLJ Supp 24.
>
> Subsequent case law has developed further tests and principles which are widely accepted and applied and which may be summarised as follows:
>
> (a) the idea conveyed by both trademarks must be compared;
>
> (b) the marks as a whole must be compared;
>
> (c) the first syllable of the trademarks is of importance;
>
> (d) the ear as well as the eye must be considered;

(e) the imperfect recollection of customers/potential customers must be considered; A

(f) the essential features of the trademarks must also be compared.

...

The High Court in *Tohtonku case* [1992] 2 MLJ 63; [1989] 3 MLRH 79; [1989] 2 CLJ 575; [1989] 1 CLJ 1128 at p 575 held: B

> ... there is no close similarity between the two words 'MISTER' and 'SISTER' as to be likely to cause deception or confusion. The words are different. There is similarity in the second syllable but as a whole the similarity is not close enough as to be likely to cause deception or confusion. C
>
> The above High Court decision in *Tohtonku* case was confirmed by the Supreme Court as reported in [1992] 2 MLJ 63; [1992] 1 MLRA 350; [1992] 1 CLJ Rep 344. Based on the decision, *it is clear that mere similarity phonetically in one of two words marks is not sufficient to make a case of infringement of trade mark*. D

[40] We also noted that in the same *Keep Good Feel* case the court also placed on the guideline on the essential feature concept as follows:

> Useful guidelines, particularly the *essential feature concept*, for the comparison of trademark in an infringement and passing off case were set out by the Supreme Court in *JS Steadtler & Anor v Lee & Sons Enterprise Sdn Bhd* [1993] AIPR 365. In that case, Mohamed Dzaiddin SCJ (as he then was) observed: E
>
> > in an action for infringement, *the comparison was to be made between the mark as registered, taking into account any disclaimer, and the defendants' mark as it appeared in actual use*. It is the marks themselves that must be compared (Saville Perfumer). If the registered mark is inherently likely to lead the public to rely on a particular feature or to ask for the goods by using the name of some device, that is the circumstances to be considered ... in the instant case, in my opinion, the presence of the name 'Steadtler Noris' or 'Nikki' or '120-28' on the pencil was not relevant, but what matters was the essential features of the competing marks. Hence, the comparison must be made of the essential features, which are the striking black and yellow colours. Identification of these features depended partly on the court's own judgment and partly on the burden of the evidence that was placed before the court (*de Cordove v Vick Chemical Co* [1951] 68 RPC 103 at 106). F G H

[41] Following the guidelines particularly the essential feature concept, we made comparison between the mark as registered and the defendants' mark as it appeared in actual use. Our visual comparison between the plaintiff's registered trademark and Real Expert White mark reveals that they are not similar. The Real Expert White mark has a diamond-shaped device (diamond device) but the plaintiff's Royal Expert White (the plaintiff's registered trademark) has a crown device. I

[42] Based on the above comparison between the plaintiff's registered trademark of Royal Expert White and the defendants' mark of Real Expert White taking into account the disclaimer of the words 'Royal' and 'Expert White', and the defendants' mark as it appeared in actual use, we did not find any clear evidence that the defendants have used Real Expert White mark which resembles the plaintiff's registered trademark and neither we believed that the defendants' mark can cause a likelihood of confusion or deception between the consumers of the plaintiff's products and Real Expert White products. In other words, the ingredient of identical or similarity to cause deception or confusion was clearly not made out by the plaintiff.

[43] In our considered opinion, the learned judge's comparison of the essential features is flawed. We were fully satisfied that since the legal and evidential burden of proof was of the mark used by the defendants being identical or similar was not established by the plaintiff during the trial on the infringement of trademark, the defendants' counsel was correct in making a no case to answer submission at the close of the plaintiff's case.

[44] On the issue of passing off, it is trite that the law of passing off is a tort which essentially consists of some sort of invasion of the plaintiff's goodwill.

[45] The following cases have explained the meaning of goodwill:

(a) goodwill has been described by Lord MacNaghten in the House of Lords case of *The Commissioners of Inland Revenue v Muller & Co's Margarine, Ltd* [1901] AC 217 at pp 223–224, as an 'attractive force which brings in custom';

(b) in *AG Spalding Brothers v AW Gamage, Ltd* [1914–15] All ER Rep 147 at p 150, Lord Parker in the House of Lords held that goodwill is attached to a business and not to a mark or get-up; and

(c) LP Thean JA explained in the Singapore Court of Appeal case of *CDL Hotels International Ltd v Pontiac Marina Pte Ltd* [1998] 2 SLR 550 at paras 45–50, that goodwill, unlike reputation, does not exist on its own but must be attached to a business.

[46] The learned judge decided that the plaintiff's registered trade mark and get-up of the plaintiff's products ('the plaintiff's get-up') attract business and customers based on the evidence of SP1 and SP2 regarding the sales of the plaintiff's products and the gross profit enjoyed by the plaintiff therefrom and the plaintiff's promotion expenses. Hence, the plaintiff has goodwill in the business attached to the plaintiff's registered trademark and the plaintiff's get-up ('the plaintiff's goodwill'). The learned judge made his finding that plaintiff has succeeded to prove actual loss (in the form of the decrease in

plaintiff's profit) to the plaintiff's goodwill due to the defendants' misrepresentation based on the evidence of SP1, SP1 and SP3. A

[47] The classic case of *Reckitt & Colman Products Ltd v Borden Inc* [1990]1 WLR 491 'Jif Lemon' lays down the trinity of criteria to be satisfied for the tort of passing off to be made out namely the existence of goodwill, requirements of misrepresentation and damage or loss caused ('classic trinity'). The criteria are as follows: B

(a) the plaintiff has goodwill or reputation attached to the goods or services which the plaintiff supplies in the mind of the purchasing public by association with the get-up, brand name, trade description or features of labelling or packaging (which is distinctive of the plaintiff's goods or services); C

(b) the defendant has misrepresented to the public which leads or is likely to lead the public to believe that the defendant's goods or services are the goods or services of the plaintiff; and D

(c) the plaintiff must prove that he suffers, or in a *quia timet* action, he is likely to suffer damage by reason of the defendant's misrepresentation.

E

[48] The defendants submitted that the primary elements that must be established is the misrepresentation, the existence of goodwill at the material time when the tort and the loss that occurred caused by the defendants' passing off. The only evidence in the trial as to when the loss occurred is supplied by the plaintiff's accountant SP2 when she gave evidence that the plaintiff suffer a drop in sales for the REW (Royal Expert White) products in June 2017 (see notes of evidence at p 42 of the common bundles of document). F

[49] It was not disputed, at the High Court, the defendants had submitted that according to the Ministry's Press Release, among others, the Royal Expert Whitening Cream' imported by Ortus Expert Cosmetic Sdn Bhd ('OEC') contained mercury which is harmful to human health. The submission was rejected by the learned judge on the ground that the press release concerned OEC and not the plaintiff. It is trite law that the plaintiff is a legal entity which is different from OEC. G H

[50] However, we found the defendants' submission merit consideration because it is a fact established at trial that on 29 May 2017, there was press statement issued by Ministry of Health ('MOH') (as evidenced on portal of the National Pharmaceutical Regulatory Agency) at pp 70–76 of the common bundles of document that the 'Royal Expert Whitening Cream' (the actual product which was tendered as evidence (exhs P2, P3(A), P3(B) and P5) was banned for containing mercury. There was warning to all sellers and distributors to cease selling and distributing the said cosmetic product with I

immediate effect (see para 8 of the press release). The public was also warned against the said product and to seek immediate medical advice for adverse reactions (see para 10 of the press release). We agreed with the defendants that this destroys the *element of goodwill* for the product of the plaintiff ie 'Royal Expert Whitening Cream' at the time the loss occurred and/or the business related to 'Royal Expert' branding.

[51] Moreover, as submitted by the defendants, during the trial the plaintiff produced and tendered as evidence 'Royal Expert Whitening Cream' (box, content). Firstly, this is the product that was banned and secondly this product is registered under Ortus Expert Cosmetics Sdn Bhd which is not the plaintiff. It was further submitted that the learned judge wrongfully referred to the CDCR List of Registered Products at p 86 of the core bundle to hold that those items were all the plaintiff's products. The list however does not include the 'Royal Expert Whitening Cream' which was tendered as evidence to the court.

[52] We examined the said CDCR List and agreed with the defendants that the learned judge had missed the fact that the list contained products of the plaintiff and of another non-party to the suit namely Ortus Expert Cosmetics Sdn Bhd. In view of that, fundamentally the plaintiff had failed to prove that defendants in selling the Real Expert Whitening Cream was passing off a product of the plaintiff and the goodwill of the plaintiff. Finally, it is also our view that the findings on misrepresentation is mainly reliant on the alleged infringement of the registered trademark and get-up. Since it was our finding that there was non-infringement of the plaintiff's registered trademark, then the alleged element of misrepresentation also fails.

[53] The learned judge held that the first defendant had breach cl 14.4 of the dealers agreement when she failed to notify promptly the plaintiff regarding the actual, threatened or suspected infringement of the plaintiff's registered trademark and the tort of passing off. The learned judge also held that the first defendant breached cl 14.3.5 of the dealers agreement by using trademarks so resembling plaintiff's trademarks which is likely to cause confusion or deception ie the first defendant's use of Real Expert White mark (by way of sales of Real Expert White products) has infringed cl 14.3.5.

[54] Having done our investigation on this matter, it is our considered view that the failure to prove the trademark infringement nor the passing off by the defendants lead to the consequence that the dealership agreement is also not breached and therefore the liability of breach of contract against the first respondent must also fail.

CONCLUSION

[55] In conclusion, we found that the plaintiff had never fully discharged the burden of proving within the requirement of the law (ss 101 and 102 of the Evidence Act 1950) the trademark infringement nor the passing off by the defendants. It is fundamental that the plaintiff in a claim must establish the basic legal elements of their claim. In this case, plaintiff had not discharged the burden and therefore the submission of no case to answer w as made out. The learned judge was plainly wrong in invoking adverse inference under s 114(g) of the Evidence Act 1950 against the first defendant.

[56] It is our unanimous decision and that the defendants' appeal is allowed with costs of RM40,000 here and below subject to allocator. The High Court's order is set aside.

Appeal allowed and order of High Court set aside.

Reported by Ahmad Ismail Illman Mohd Razali